

MINUTE ITEM

18. ASSIGNMENT OF INTEREST IN COMPENSATORY ROYALTY AGREEMENT P.R.C. 2628.1, FRANCO WESTERN OIL COMPANY, SUTTER AND COLUSA COUNTIES - W.O. 3905.

After consideration of Calendar Item 11 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO APPROVE THE ASSIGNMENT OF AN UNDIVIDED ONE-HALF INTEREST IN COMPENSATORY ROYALTY AGREEMENT P.R.C. 2628.1 FROM FRANCO WESTERN OIL COMPANY TO McELROY RANCH COMPANY. THE ASSIGNEE IS TO BE BOUND BY THE TERMS OF THE COMPENSATORY AGREEMENT TO THE SAME EXTENT AS THE ORIGINAL LESSEE.

Attachment

Calendar Item 11 (1 page)

CALENDAR ITEM

11.

ASSIGNMENT OF INTEREST IN COMPENSATORY ROYALTY AGREEMENT P.R.C. 2628.1, FRANCO WESTERN OIL COMPANY, SUTTER AND COLUSA COUNTIES - W.O. 3905.

An application has been received from Franco Western Oil Company for the assignment of its undivided one-half interest in Compensatory Royalty Agreement P.R.C. 2628.1 to McElroy Ranch Company, a Delaware corporation.

Compensatory Royalty Agreement P.R.C. 2628.1 was issued September 6, 1960, to Franco Western Oil Company and Arthur A. Cameron, d.b.a. Cameron Oil Company, for the State's interest in that portion of the bed of the Sacramento River lying in Sections 5, 6, 7, 8, 16, 17 and in a portion of Section 15, T. 14 N., R. 1 E., M.D.B. & M., Sutter and Colusa Counties, in lieu of drilling offset wells on the State land. (Such agreements are authorized by Section 6815 of the Public Resources Code.)

McElroy Ranch Company became successors in interest to all of Franco Western Oil Company's assets by virtue of a merger, effective January 1, 1961.

Section 6 of the Compensatory Royalty Agreement states in part . . . "Any modification, surrender, assignment, termination or other disposition of interest of Lessee in said leases, or any of them . . . shall not, unless consented to by State, relieve Lessee from compliance with the terms and covenants of this Agreement"

The statutory application filing fee has been paid.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO APPROVE THE ASSIGNMENT OF AN UNDIVIDED ONE-HALF INTEREST IN COMPENSATORY ROYALTY AGREEMENT P.R.C. 2628.1 FROM FRANCO WESTERN OIL COMPANY TO McELROY RANCH COMPANY. THE ASSIGNEE IS TO BE BOUND BY THE TERMS OF THE COMPENSATORY AGREEMENT TO THE SAME EXTENT AS THE ORIGINAL LESSEE.